

U N O F F I C I A L

MINUTES OF MEETING

RHODE ISLAND AIRPORT CORPORATION

FINANCE AND AUDIT COMMITTEE

WEDNESDAY, DECEMBER 21, 2005

2:00 PM.

**IN THE MARY BRENNAN BOARD ROOM, T. F. GREEN AIRPORT
WARWICK, RHODE ISLAND**

The meeting of the Rhode Island Airport Corporation (“Corporation”) Finance and Audit Committee was called to order by Chairman, Joseph Cianciolo, at 2:06 p.m., in the Mary Brennan Board Room, T. F. Green Airport, Warwick, Rhode Island, in accordance with the notice duly posted pursuant to the Open Meetings Law.

COMMITTEE MEMBERS PRESENT: Joseph Cianciolo, James Forte.

COMMITTEE MEMBER ABSENT: Joseph Larisa.

BOARD MEMBER PRESENT: Robert Sangster.

ALSO PRESENT: Mark P. Brewer, A.A.E. President and CEO; Laurie Cullen, A.A.E., Executive Vice President; Brian C. Schattle; Senior Vice President of Finance and Administration and CFO; Marci

Greenberger, A.A.E., Senior Vice President of Operations and Maintenance; Peter A. Frazier, Chief Legal Counsel; Doug Dansereau, Chief Auditor and Financial Analyst; Jason Doyle, Corporate Controller; and those individuals listed on the attendance sheet attached hereto.

Mr. Cianciolo welcomed Mr. Sangster to the Committee Meeting.

1. Approval of the Minutes:

A motion was made by Mr. Forte to approve the minutes of the Finance and Audit Committee Meeting of November 22, 2005. The motion was seconded by Mr. Cianciolo. The motion was passed unanimously.

2. Report from Chief Auditor:

Mr. Dansereau provided a six-month update on his audit plan, which included a summary of audits that have recently been completed or are currently in progress.

3. Report from Senior Vice President of Finance and Administration and CFO:

(a) Discussion of Financial Statements for October 2005.

Mr. Schattle gave a brief overview of the Financial Statements for October 2005. There was specific discussion on the reserves for airline bankruptcies, signatory landing fees, and personnel and operating expenses.

4. Discussion Items:

Items (a) and (b) were discussed at the same time.

(a) Consideration of and Action Upon Approval of Award of a Professional Services Agreement (PSA) for Financial Advisory Services.

(b) Consideration of and Action Upon Approval of Award of a Professional Services Agreement (PSA) for Airport Consulting Services.

Mr. Schattle gave an overview of the services required, indicating that three submittals were received in response to each solicitation. A Selection Committee evaluated all of the submittals and Mr. Schattle reported that the request is that the Committee authorize the President and CEO, or his designee to execute a three year Professional Services Agreement for financial services with Fullerton and Friar, Inc. for Financial Advisory Services and with Ricondo and Associates for Airport Consulting Services, subject to Board approval. It was noted that expenditures under these contracts for

future fiscal years will be dependent on the appropriation of funds for this purpose in the Operating and Maintenance Budget.

A motion was made by Mr. Forte and seconded by Mr. Cianciolo to approve the following resolutions:

WHEREAS, the Rhode Island Airport Corporation (RIAC) issued a Request for Proposals (RFP) in November 2005 for financial advisory services and conducted a selection process pursuant to RIAC's Procurement Rules and Regulations; and

WHEREAS, a Selection Committee was formed pursuant to RIAC's Procurement Rules and Regulations; and

WHEREAS, the Selection Committee received three proposals and recommends that the firm of Fullerton and Friar, Inc. performs financial advisory services for a three year period.

NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:

That the Committee authorizes the President and CEO, or his designee, to execute a three year Professional Services Agreement for financial advisory services with Fullerton and Friar, Inc. with a retainer in an amount not-to-exceed \$78,000 per year, subject to Board approval. Expenditures under this contract in future fiscal years will be dependent on the appropriation of funds for this

purpose in the Operating and Maintenance budget.

WHEREAS, the Rhode Island Airport Corporation (RIAC) issued a Request for Proposals (RFP) in November 2005 for airport consulting services and conducted a selection process pursuant to RIAC's Procurement Rules and Regulations; and

WHEREAS, a Selection Committee was formed pursuant to RIAC's Procurement Rules and Regulations; and

WHEREAS, the Selection Committee received three proposals and recommends that the firm of Ricondo & Associates performs airport consulting services for a three year period; and

WHEREAS, funding will be established on a task-by-task basis.

NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:

That the Committee authorizes the President and CEO, or his designee, to execute a three year Professional Services Agreement for airport consulting services with Ricondo & Associates, subject to Board approval. Expenditures under this contract in future fiscal years will be dependent on the appropriation of funds for this purpose in the Operating and Maintenance budget.

The motion was passed unanimously.

(c) Consideration of and Action Upon Authorization to Amend the Expressive Activity Policy.

Mr. Frazier reported that RIAC's Expressive Activity Policy does not have any locations situated outside of the airport terminal designed for expressive activity. RIAC has been asked to amend its policy to add outside locations. Management has reviewed this request and the recommendation is that the Committee authorize the President and CEO to amend the Expressive Activity Policy solely to add outdoor locations as warranted based on factors of safety and security.

A motion was made by Mr. Forte and seconded by Mr. Cianciolo to approve the following resolution:

WHEREAS, the Rhode Island Airport Corporation ("RIAC") has an Expressive Activity Policy; and

WHEREAS, RIAC's Expressive Activity Policy presently does not have any locations situated outside of the airport terminal designated for expressive activity; and

WHEREAS, it has been requested that RIAC amend its policy to add locations outside of the airport terminal; and

WHEREAS, RIAC Management has reviewed this request and recommends that the President and CEO be authorized to amend the Expressive Activity Policy solely to add outdoor location(s) as warranted based on factors of safety and security.

NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:

That the Committee hereby recommends that the President and CEO, or his designee, be authorized to amend the existing Expressive Activity Policy to add appropriated outdoor location(s) for permitted expressive activities, subject to Board approval.

The motion was passed unanimously.

5. Executive Session:

(a) Discussion Related to Potential and Pending (Parking) Litigation – R.I.G.L. § 42-46-5(a)(2).

At approximately 2:22 p.m., a motion was made by Mr. Forte and seconded by Mr. Cianciolo to go into Executive Session.

By the following vote, the motion was passed unanimously.

YEAS: Joseph Cianciolo

James Forte

NAYS: None

At approximately 2:58 p.m. a motion was made by Mr. Forte and seconded by Mr. Cianciolo to return to the Open Session. The motion was passed unanimously.

6. Additional Action Items:

(a) Consideration of and Action Upon Approval of Adjustment to Parking Rates at T. F. Green Airport.

This item was deferred.

(b) Consideration of and Action Upon Adjustment to Off-Airport Courtesy Fees.

This item was deferred.

(c) Consideration of and Action Upon Approval of Audit Settlement.

Mr. Dansereau reported that this item was discussed in Executive Session and that the request is that the Committee authorize the President and CEO, or his designee, to execute the settlement agreement on the terms disclosed in Executive Session with Hertz Corporation, subject to Board approval.

A motion was made by Mr. Forte and seconded by Mr. Cianciolo to approve the following resolution:

WHEREAS, the Rhode Island Airport Corporation (RIAC) and the Hertz Corporation (Hertz) entered into a Rental Car Company Concession Agreement in December 1998; and

WHEREAS, RIAC has conducted an audit of the “Fee” and “CFC” of the Hertz Corporation for the five calendar years ending December 31, 2002; and

WHEREAS, it has been agreed to by RIAC and Hertz that certain procedures be performed to extend the audit and settlement through the period December 31, 2005; and

WHEREAS, it has been determined that there is additional monies due to RIAC through December 31, 2005; and

WHEREAS, RIAC will relinquish its rights to audit Hertz for the period ending December 31, 2005, and earlier with certain exceptions as noted in the settlement agreement; and

WHEREAS, RIAC and Hertz have agreed on a full and final settlement as it relates to the audit.

NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:

That the Committee hereby recommends that the President and CEO, or his designee, be authorized to execute the settlement agreement on the terms disclosed in Executive Session with the Hertz Corporation, subject to Board approval.

The motion was passed unanimously.

7. Future Meetings:

The next meeting of the Finance and Audit Committee will be announced.

8. Adjournment:

Mr. Forte moved to adjourn at approximately 3:00 p.m. Mr. Cianciolo seconded the motion. The motion was carried by acclamation.

Respectfully submitted,

**Joseph Cianciolo, Chair
Finance and Audit Committee of
the Rhode Island Airport Corporation**

ATTENDANCE SHEET

RHODE ISLAND AIRPORT CORPORATION

FINANCE AND AUDIT COMMITTEE MEETING

DECEMBER 21, 2005

NAME	AFFILIATION
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Patti Goldstein	RIAC
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Robert Goff	New England Parking
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Steve Tibbetts	Hawthorne
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Jim Jarvis	Ricondo & Associates
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**MINUTES OF THE EXECUTIVE SESSION
OF THE RHODE ISLAND AIRPORT CORPORATON
FINANCE AND AUDIT COMMITTEE MEETING
DECEMBER 21, 2005**

1. At approximately 2:22 p.m., a motion was made by Mr. Forte and seconded by Mr. Cianciolo to go into Executive Session. The motion was passed unanimously.

2. Mr. Frazier gave an update on potential litigation matters including a claim for benefits, issues related to access fees, and several vendor contract disputes. Mr. Schattle gave a progress report of negotiations with one of the vendors. Mr. Frazier also provided details of a proposed \$1.1 million multiyear settlement of an audit claim with an airport concessionaire.

3. There were also discussions pertaining to the pending parking litigation.

At approximately 2:58 p.m. a motion was made by Mr. Forte and seconded by Mr. Cianciolo to return to the Open Session. By the following vote the motion was passed unanimously.

**YEAS: Joseph Cianciolo
James Forte**

NAYS: None

Respectfully submitted,

**Joseph Cianciolo, Chair
Finance and Audit Committee of
the Rhode Island Airport Corporation**